

EXHIBIT 1

The Honorable Gregory H. Woods
United States District Judge
Southern District of New York
Daniel Patrick Moynihan U.S. Courthouse
500 Pearl Street
New York, New York 10007-1312

March 17, 2024

Dear Judge Woods,

I am writing to you in advance of my sentencing which is scheduled for April 2, 2024.

Let me start by saying that I am deeply ashamed for what I did that brings me before your Honor. I participated in something that, in my non legal words, was a betrayal to the United States of America and its people by helping U.S. citizens keep secret accounts at a bank owned by my employer. This was wrong, this was unlawful, and it is therefore that I pleaded guilty.

It is my sincere and deep belief that all human beings make mistakes and it has always been clear to me that, if you make a mistake, you admit it, you correct it, you apologize for it and you accept responsibility for it. This letter is the first opportunity I am given to explain and express my personal view. For me, this case is ongoing for nearly 14 years, and I can tell you, it has been a very long and difficult time. I am extremely grateful for this opportunity to speak, and I want to thank you in advance for taking the time to read this letter. Please accept my sincere apologies for its length, but I wanted to make sure that I can give you a comprehensive view.


I was born in the Canton of Zurich, Switzerland, as the first child of Hans and Margrit Wälchli. We lived in Urdorf, a suburban of Zurich with around 8'000 residents. My brother Peter was born when I was four. While we have always had different interests, we remain incredibly close to this day.

My father was born in 1939 and over the years I learned that he had a quite bad childhood.

[REDACTED] My dad had to work very hard as a child to earn some money for the family. He had to lift heavy weights when bringing wet laundry to clients, which created a bad back; something he suffered from for the rest of his life. Despite his own negative childhood, he was a good father to us, mainly because over time he learned from my mother that being kind, caring for others, and showing empathy is something good, and not a sign of weakness.


Shortly after my birth, my father opened a company that engineered, planned, built, and operated air conditioning solutions. My dad always worked very, very hard. He got up at 4am in the morning, was at the office by 5am at the latest, came back home for lunch, made a quick nap for 15-20 minutes, before he rushed back to his company. He came back around 7pm, we had dinner, and then he went to bed at 8:30 or 9pm, completely tired from his long workday. He worked 12-15 hours per day, also on Saturdays and sometimes also on Sundays.

While my mother always worked too, she was the parent who dealt with me and Peter most and kept the family together. She helped my dad build the company, cared for the family, for the education of us kids, and most important, gave us kids a real home with love and care. She is a pianist and architect. She has a brilliant intellect and was and still is what one would call the "soft side" of things. She has very high emotional intelligence, a great feeling for situations, people, and fairness. She is a very nice and caring human being. I am still very close with my mother and with her second husband as well.



We grew up in a peaceful, good, and as generally the case in Switzerland at that time, safe suburban environment. We could play in the streets, and I had many friends, I liked to go to school, and I always did a lot of sports. Moving, running, playing soccer, volleyball, handball, tennis, judo, and skiing has always been an important part of my life. I also was a reasonably good chess player as a child. I loved all sports and competition, but mostly I loved to play as a part of a team.

Growing up, my parents taught me the importance of being inclusive. My friend group included boys and girls, some people who were athletic and others who were not, and also kids who had special needs. While there are now intensive and important discussions going on around the globe about the importance of being inclusive, when I was growing up in Switzerland in the 1970s it was just normal for my friend group to include all sorts of kids. It was just normal, it was about playing and enjoying the time together.



Growing up, I did well in school. For better or worse, I understood the topics and wrote good tests without putting in the time and effort. At the age of 13, I passed all application tests for a school we call Gymnasium. This is the top school you can do in Switzerland at age between 13 and 19. Switzerland always had a world class school system, open to anybody, regardless of wealth. The idea is that talent counted rather than money. At the time I started, between the

difficult application tests and the demanding course of study, only 10% of the population finished Gymnasium.

Unfortunately, I had to leave Gymnasium after only ten weeks. My grades were miserable. Because I had always been able to get by without working hard, I never learned to work for school. Suddenly being part of the top 10% group, the demands were different, and I was too lazy to succeed. I spent the next three years in the next lower-level school and repeated a grade, but I ultimately made it back to Gymnasium. While I would like to say that I learned my lesson, when I got back to Gymnasium, I was still a minimalist, to the big disgrace of my parents. I finally passed all the necessary subjects but was walking permanently on a razor's edge.

My brother and I learned early that money is not for free. We had a good life and were supported for activities like music or sports. But dad clearly taught us that if we wanted money, we needed to work for it. If you want to buy something, you will enjoy it much more if the purchase is a consequence of your own hard work. We worked a lot during our holidays; I worked for my dad and his friends (plumber, carpenter, bricklayer) on construction projects or as a cleaner for office buildings. While as a kid, I did not like this too much, I became extremely grateful for this experience later. It taught me that people working in these environments are not paid very well but do important and valuable work. It opened my horizon to see these people and to hear their stories. In cleaning for example, you see a lot of people working in construction the whole day, and then clean office buildings from 7 until 10pm, just to increase their small income. I was so impressed to see this. People going the extra mile to improve their life situation a little bit. I came to believe that everybody should get their hands dirty sometimes in life. I learned the value of a hard day's work and that a person's character and value do not depend on their social status or wealth.

After finishing Gymnasium, I felt an overflow from theory, but lacked practical experience. I decided to work a year in a company before I might go to university. I applied for a job at Rentenanstalt (later renamed Swisslife), a global life insurance company, working in an administrative department. I liked my work and for the first time, I made some "real" money. I felt rich to earn around CHF 2'500 per month. But I saw that the more challenging and interesting work went to the people who had studied business at University, which reaffirmed my desire to do the same.

In Switzerland, we had (and still have) mandatory military service so I joined the army before starting at university. Serving in the Army was an important part of my life at that time. It was sometimes very hard, but it helped me grow and mature. I learned to follow orders and not to discuss them. I also learned discipline, endurance, perseverance and not to crack under pressure. In the Army, there were no social differences, we all had to act as a team working to fulfill our missions, look out for one another, and operated day and night, in good and in bad weather.

Between 1988 and 2004, I served a total of two years in the Swiss army. I started by applying for and being accepted in the grenadiers (the Swiss infantry elite troops) but because of medical reasons, I was reassigned to signals later (responsible for the Swiss army's communication infrastructure). I later volunteered for and was accepted into officer's school, which meant that I would serve several more years of periodic service (four weeks per year).

In all, I retired as first lieutenant in 2004. I had a total of 54 people in my command and had partial responsibility for the telecom infrastructure of the 4th Swiss army corps.

In 1989, after I completed basic training, I started studying economics and business at University of Zurich. While at University, I spent a lot of my time operating four companies that I had started. First, with my best friend, Marcel Krist, I exported shoes to Slovakia and sold them to wholesalers. Next, I imported Apple Macintosh computers from the USA (Texas) to Switzerland. When changes in the exchange rates reduced the profitability of that business, I started a market research company together with another friend.

Finally, in or around 1991, a third friend and I founded a company in golf sports. Switzerland is a very small country and in the Nineties, there were only a few golf courses, which meant that golf was only available to the very rich. Even though I had never played golf in my life (and to this day do not play the game), we tried to socialize golfing and, in co-operation with local tourist organizations, started operating mobile driving ranges. On Friday nights, we loaded a truck with 20 aluminum mats, a tractor for collecting the golf balls and a ball dispenser and set up in a field near some tourist spot where we operated a driving range until Sunday evening. What started with 4-5 local tourist spots evolved to a country wide golf driving range tour, with 38 locations. Ultimately, we landed a contract to serve as "general contractor / importer for Switzerland" for a Swedish equipment company and got a line of credit from UBS. This was the first time in my life I had debt, and I did not sleep one night before this was paid back. When I finished University, I sold my shares to a third party, which gave me some start capital.

After graduating University in 1994 with a master's degree, I got a job in the strategy and business development and a bit later, in the controller's department at Zürcher Kantonalbank (ZKB), which was third largest Swiss bank at the time. It was at this time that I followed my father's example of long hours and hard work. I was regularly working 90 hour weeks, at the office between 6am and 6:30am and often left around 11pm. My hard work was rewarded — I managed ZKB's controller's department two years after I left University, became executive director four and a half years after I started. I worked at ZKB for a total of nine years and without my wife and some great bosses, I would have run against every wall you can imagine. But all these great people helped me to recognize that, just like everyone else, I had limits.

In the late Nineties, my social activities became more important. My mother always taught us that we are privileged to grow up in a peaceful, nice, and rich country, but that this privilege includes a duty to help others who were not that lucky, so I guess I always had this in me. I felt that not everybody had my good fortune growing up, and that it is therefore my duty to help others. At the age of around 27, I was elected to what is called the social board in my community, as one of five members. Together with my four colleagues, we had to deal with the social needs of various people. Some cases were heartbreaking. You had kids where the parents had drug problems, mentally disabled people, people with terrible accidents, and single mothers where their part time income was not sufficient to feed the kids. Unfortunately, we were also faced with clients who just wanted to take advantage of the system and get money out of it. At the end, our group decided who would get what help. This included the type of help (e.g. drug therapy) and the amount of funds. There was a law giving the limits, and there was a degree of freedom. Our group worked very well together. All five of us were members in different political parties, but we shared the desire to serving the country and the community. It was problem solving orientated and pragmatic.

While at ZKB, I met my wife. I never forget this moment. When you meet somebody, and deep in your heart, you know that this is the person you were always looking for. This is the person you want to marry, to have a family with. Antoinette and I came together in late 1995 and in 1998, I asked her to marry me.

We married in 1999 and will celebrate our 25th anniversary on August 21 this year. Two wonderful kids were born: Virginia on [REDACTED].1999 and Raffaella on [REDACTED].2002. [REDACTED]

[REDACTED] At the time, I had not only a very full agenda at work, but I had previously been accepted to an executive MBA program offered by the Simon School of the University of Rochester, NY (jointly with University of Bern, Switzerland), which started in Thun, Switzerland only three days after Virginia's birth. Between my job, the Executive MBA program, [REDACTED] this was maybe the most intense time in my life. I hardly slept and lost some weight. But I somehow managed to keep all these balls in the air. After some time, [REDACTED]; and life got back to normal. Although this was a difficult time, the MBA was a fantastic program and the study time with American students in Rochester was amazing. The teaching was less theoretical, but much more practice orientated.

A few weeks after Raffaella's birth in 2002, we moved to London where I had the opportunity to do a one-year internship at Westdeutsche Landesbank AG, helping corporate clients with their debt financing needs. Nobody really understood why we did this. I had a very good track with ZKB, a good income, very good career opportunities and a safe, good environment in Switzerland. People asked why I was leaving this normal course and even endangering my career? The reason was that I felt uncomfortable with this amount of clarity and a situation where the next 25 years of my life seemed fixed. So, Antoinette and I moved to London with Virginia (two and a half years old) and Raffaella (seven weeks old). Quite a challenge for all of us. We had to reorganize our whole life. But it was just a great time, and many good things happened there. We still think back to those times with great happiness. We came back to Thalwil late 2003, with no money in the bank, but a lot of great experiences.

In 2004, I joined IHAG Holding and I can say that I had a really great time there. I started as head of strategy / business development in November 2004, and was promoted to member of the executive board in 2006. Over time, tasks changed, and I was given responsibility for the liquid assets, partially for hedge funds and private equity funds and later, for various companies and the whole Asian market. The work was accompanied with a lot of travel, mainly to Southeast Asia. I loved to solve problems in multiple environments, with multiple cultures. That is maybe something very Swiss. We learn to listen, we try to find the best ideas (sometimes they come from the USA, sometimes from Vietnam or other countries, sometimes it is even ours) and then form a team who executes on those. I had to deal with good times (growth, expansion, etc.) and bad times (restructurings, cost reductions, etc.).

I loved my work at IHAG, but it was a tremendous amount of work. It was very difficult to not lose control of all the different tasks that were assigned to me. I had various strategic, but also operational roles, sat on up to 15 boards of companies that IHAG had invested in, and was responsible for various internal functions, such as IT and procurement. I tried to do all as perfect as possible, but it was highly demanding. I asked several times for support (1-2 new hires), but for many years, this was not given to me. I had to do this alone and cope with it. In 2015, I had a second breakdown as a result of the amount of time I was working. I lost consciousness at home while standing, falling to my face and then woke up again. This was maybe the last warning signal I needed. After this, I still worked long hours, but I made sure to make time for my family and friends, sports, and some weeks of holiday.

One activity that I enjoy that I have focused on more recently is skiing. I earned my ski instructor's certificate (which was challenging at my age) and spend time teaching others how to ski. Some of my students are disabled, and I get a lot of joy out of seeing how much fun they and their families have on the slopes. Although I earn some modest income from teaching, I do not do this for financial reward so I donate the funds to a program that helps teach individuals who are blind or have other disabilities learn how to ski. For example, I gave lessons to a teenager who has Asperger's. I skied with him for three afternoons and we connected over music (surprisingly, he knew the songs I listened in my youth), old computers and programming languages (Commodore 64, Apple Macintosh, Basic). We started singing together at the ski lift and found a level to communicate such that he also learned and enjoyed skiing. It made me so happy to have shared the experience and really appreciated a note his parents had sent me saying he enjoyed his time with me as well.

During various trips to India and Southeast Asia, it was important to me to leave meeting rooms, airport lounges and hotels and visit the bad areas where underprivileged people lived. What I saw in some of those countries was absolutely heartbreaking, unfair and a huge tragedy. On a business trip to Manila, Philippines, I went to what is called the "smokey mountain". This is the garbage dump of the city of Manila, and this waste is home for hundreds of people. While the location is in a particularly dangerous area, I was able to go there with a local friend who was running an NGO that supported these families. I have never seen something sadder. Life expectancy is 35 and people are literally living on and from the waste. There were two-year-old kids sitting naked in a hut, burning wood to produce coal. Their lungs are destroyed after a few weeks. The same kids would use strong magnets to try to get nails out of the wood. I also saw older kids collecting plastic that they sold to criminal gangs for roughly USD 1 for a huge bag. The gangs then brought the plastic to their own ships and sold it to the chemical industry. You can't describe this in words, and while one thing is what you see, the other is this incredible smell. That evening, I was invited to a gala at the golf course of Manila, where roughly 70% of the country's GDP was present. At that time, the Philippines was sitting on around USD 100Bn in currency reserves. I was just shocked by this incredible unfairness. I remember I vomited, called my assistant to rebook my flights and then left with the next plane I could get.

From that point onwards, it was clear to me that I must do something to improve at least a few lives. In late 2008, I started to think seriously about how to do this. At one point I thought of establishing my own NGO, but I learned quickly that some good NGO's were operating highly effective and efficient and I realized that my own NGO would never reach the level of these top NGO's already existing. Luckily, I met Marc Jenni and Daniel Siegfried. They are both ex-

bankers from UBS who left and established Child's Dream (www.childsdream.org) which is a mind-blowing NGO. Child's Dream builds schools in very remote areas in Southeast Asia, because Marc and Daniel saw that education is by far best way for kids to leave poverty, and they also run a health care initiative. Both founders live with a salary of USD 1'500.— per month; something you hardly see with other NGO's who often pay Western type salaries. As a result, Child's Dream's expenses for SG&A are only between 6-7%, so if you donate USD 100, USD 93 – 94 arrive as real help. Over the years, I have visited several local projects run by Child's Dream, sometimes alone, once also with my wife. I have also promoted the organization and many other donors joined in supporting it.

Your honor, my lawyers have told me that you will be informed about the substance of the case by them as well as the government lawyers. I do, however, want to try to describe what happened from my perspective. During the 19 years that I worked at IHAG Holding, I always worked on investing IHAG Holding's assets. Among the projects I worked on was expanding IHAG Holding's "footprint" in Asia, including forming a Singapore based asset manager, which was ultimately named Helvetic.

While IHAG Holding always had a small private bank (Private Bank (PB) IHAG), I never worked at the bank, and in my 19 years at Holding, I only had brief meetings with two clients of the bank and those meetings were regarding matters unrelated to their accounts. In January 2009, Michael Gubser, PB IHAG's general counsel and head of compliance, asked if the Singapore asset manager that I was developing could be used as part of a "solution" that he had been working on with individuals at Allied Finance. Mr Gubser explained this solution was needed because two Americans and a European client wanted to keep their accounts undisclosed, despite PB IHAG's new policy of requiring disclosure.

Before I agreed to help Mr Gubser with his plan [REDACTED]

[REDACTED] I supported and sometimes coordinated some of the efforts of various people and groups in completing the scheme.

I understood that it was wrong to do the "Singapore Solution" and soon after the accounts were opened, I became very upset with my role in the scheme and the fact that Helvetic was involved in the helping US clients evade their taxes. In late 2010, I raised the issue of closing the accounts at a meeting with [REDACTED]

[REDACTED] Peter Rüegg (PB IHAG's Deputy CEO), and Mr Gubser. I was heavily criticized for expressing my concerns and the group rejected my arguments that the accounts should be closed. I raised the issue of closing the accounts again the following year and this time I persuaded the others to close the accounts. I immediately called [REDACTED] [REDACTED] I also told him that there should be a "no drugs, no weapons, and no Americans" policy at Helvetic going forward. After that, I had no further involvement in the accounts or the "Singapore Solution".

Your honor, I want to end where I started. I understand that I broke US law by helping the US taxpayers hide their accounts. I have spent the past 14 years of my life paying for that decision, first with the anxiety of wanting to close the accounts and being scorned by my colleagues for

being weak (in their words) and since 2014, I have had the stress of the investigation and ultimately the indictment. I was sanctioned in Singapore by the MAS (Monetary Authority of Singapore) and in Germany, where I had to resolve charges relating to a German citizen's evasion of German taxes.

Since the indictment, I have lost friends and more recently I lost my job of nearly 20 years. My actions have made it difficult for me to find employment in Switzerland. Because the indictment and the guilty plea is publicly known, it is unlikely that I will be able to get a job again in Switzerland. I have tried working as a consultant but it has been very difficult to get clients. I must be realistic and accept that I might never be able to work again. That realization has been particularly difficult, especially because I loved working in an environment where I was solving problems and using my mind; it was something I loved and lived for. Unfortunately, I must accept a situation where this won't be possible in the future.

I will never forgive myself for my actions and the impact this case has had on my wife and our daughters. I try to be strong, in particular in front of my daughters. But they are sensitive enough to see that I am not always well myself. [REDACTED]

[REDACTED] This is what keeps me awake at night. This is what makes me full of sorrow. But I want to be an example for them and all I wish is that this has an end and that my family and I are able to move on with our lives.

All I hope in this situation is that I am given a second chance. I promise your honor, I will do better. Thank you, your honor, for taking the time to read this letter.

Respectfully,



Daniel Wälchli